

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 DODE-00 NRC-05 NSAE-00

TRSE-00 ERDA-05 CIAE-00 L-03 SP-02 AID-05 NSC-05

CIEP-01 SS-15 STR-04 OMB-01 CEA-01 SSO-00 NSCE-00

INR-07 INRE-00 USIE-00 SAM-01 ERDE-00 OPIC-03 /091 W

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 8181

USDOC

USMISSION OECD PARIS

USMISSION GENEVA

USMISSION EC BRUSSELS

USCINCEUR VAIHINGEN GER

INFO AMCONSUL OPORTO

C O N F I D E N T I A L LISBON 5461

E.O. 11652: GDS

TAGS: ETRD, PO

SUBJ: GOP IMPORT RESTRICTIONS

REF: LISBON 4295

1. ECONCOUNS AND COMMATT CALLED ON GOP DIRECTOR OF FOREIGN TRADE REGUEIRA TO DISCUSS DELAYS U.S. FIRMS REPORTEDLY EXPERIENCING IN OBTAINING IMPORT AUTHORIZATIONS. FIRMS SUCH AS FORD, IBM AND SYLVANIA COMPLAIN OF IRRITATING BUREAUCRATIC PROCEDURES AND REQUESTS FOR ADDITIONAL INFORMATION. EMBOFFS QUERIED WHETHER DELAYS WERE CONSCIOUS GOP POLICY MEASURES WHICH, IF CONTINUED, MIGHT SPARK REACTION FROM PORTUGAL'S TRADE PARTNERS. OFFICERS EMPHASIZED THAT THEY WERE MAKING VISIT AT THEIR OWN INITIATIVE.

2. DIRECTOR GENERAL RESPONDED BY DESCRIBING PORTUGAL'S CONTINUING DESPERATE B/P SITUATION. WHILE SOME DELAYS
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RESULTED SIMPLY FROM HEAVY WORKLOAD, HE CONCEDED THAT

OTHERS WERE PART OF GOP EFFORT TO GAIN TIME UNTIL IT ADOPTED AND IMPLEMENTED MEASURES TO REVERSE B/P DRAIN. HE DESCRIBED THE RECENT ONE-MONTH FREEZE ON IMPORT LICENSES AND CURRENT ISSUANCE DELAYS AS PURELY AD HOC MEASURES. GOP, HE CLAIMED, HAS TAKEN GREAT CARE TO AVOID DISCRIMINATORY DECISIONS AND TO MINIMIZE HARM TO NATION'S TRADITIONAL, SIGNIFICANT TRADE PARTNERS. PRIOR DEPOSITS AND AN UPWARD REVISION OF THE IMPORT SURCHARGE ARE AMONG MORE PERMANENT MEASURES BEING CONTEMPLATED. REGUEIRA ADMITTED THAT SURCHARGE HAS NOT BEEN VERY SUCCESSFUL AND NOTED THAT POSITIVE DEVELOPMENTAL MEASURES, IN ADDITION TO NEGATIVE RESTRICTIVE ONES, ARE ULTIMATE SOLUTION. FINALLY, HE MAINTAINED THAT PERMANENT MEASURES WOULD BE IMPLEMENTED BY END OF SEPTEMBER, I.E., WELL BEFORE SENSITIVE MUNICIPALITY ELECTIONS OCCUR IN NOVEMBER OR DECEMBER.

3. COMMENT: LATE SEPTEMBER DEADLINE IMPLIES THAT MEASURES WILL BE ADMINISTRATIVE RATHER THAN LEGISLATIVE. IF SO, THEY ARE VERY LIKELY TO BE INCREASED IMPORT SURCHARGE, ESTABLISHMENT OF PRIOR DEPOSIT AND SIMILAR POLICIES. THEY WOULD NOT, AT LEAST IMMEDIATELY, INCLUDE HIGHER DOMESTIC TAXES. MEASURES ALMOST CERTAINLY WOULD INCLUDE PARTS OF BANK OF PORTUGAL PROGRAM BEING DISCUSSED WITHIN MINISTRY OF FINANCE.
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